

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 DRC-01 IO-14 CIAE-00 DODE-00 PM-07 H-03

INR-11 L-03 NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03

SS-20 USIA-15 AID-05 COME-00 EB-12 FRB-03 TRSE-00

XMB-07 OPIC-12 CIEP-03 LAB-06 SIL-01 OMB-01 AGR-20

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FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 0692

INFO AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

USUN NEW YORK 0946

UNCLAS PRETORIA 4463

CAPE TOWN FOR EMBASSY

E.O. 11652: N/A

TAGS: EGEN, SF, SGEN

SUBJECT: PRIME MINISTER ANNOUNCES GREATER
AUTONOMY, NEW FINANCING FOR HOMELANDS

1. AT ANNUAL BANQUET OF FEDERATED CHAMBER OF INDUSTRIES
OCTOBER 2 IN PRETORIA, PM VORSTER ANNOUNCED TENTATIVE PLANS FOR
INCREASED HOMELAND CONTROL OVER WHITE INVESTMENTS IN HOMELANDS
AND FOR CHANGES IN HOMELAND FINANCING.

2. VORSTER POINTED TO 17 PC RECENT GROWTH RATE IN HOMELAND
PRODUCTION (CURRENT PRICES) AS AGAINST 11 PC FOR SA AS A WHOLE.
AND CONTENDED THAT CONDITIONS IN HOMELANDS WERE BETTER THAN IN
MOST INDEPENDENT BLACK STATES THAT "CRITICIZE SA IN THE UN".
HE SAID HOMELANDS HAD REACHED STAGE WHERE HOMELAND GOVERNMENTS
SHOULD HAVE GREATER SAY IN INVESTMENT IN THEIR TERRITORIES AND
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SHOULD BE ABLE TO DECIDE IF PERMANENT WHITE INVESTMENTS SHOULD
BE PERMITTED. AFTER INDEPENDENCE SUCH MATTERS WOULD, OF

COURSE, BE FULLY CONTROLLED BY NEW GOVERNMENTS.

3. VORSTER SAID SAG PLANS TO DISCUSS WITH HOMELANDS AND PREPARE LEGISLATION THAT WOULD TRANSFER RECEIPTS FROM DUTIES, SALES AND EXCISE TAXES ON GOODS CONSUMED IN HOMELANDS TO HOMELAND GOVERNMENTS. NEW HOMELAND REVENUES WOULD ALSO COME FROM TAXES ON FIRMS OPERATING IN THE HOMELANDS, WHETHER CONTROLLED BY BLACKS OR NOT. HE CALLED THESE MEASURES EXCHANGES IN FORMAT" THAT WOULD NOT AFFECT TOTAL AVAILABLE TO HOMELANDS, THUS IMPLYING THAT SA DIRECT APPROPRIATIONS WILL BE ADJUSTED DOWNWARD. HE DENIED CHANGES WERE ONLY A FORM OF "WINDOW DRESSING" BUT CONTENDED THEY WOULD GIVE HOMELANDS BETTER BASIS FOR PROJECTING FUTURE REVENUES AND WOULD GIVE A TRUER PICTURE OF REVENUES TO WHICH HOMELANDS RIGHTLY ENTITLED.

4. COMMENT: EMBOFFS PRESENT NOTED THAT SPEECH WELL RECEIVED BY FULLY SYMPATHETIC AUDIENCE OF INDUSTRIAL LEADERS, GOVERNMENT OFFICIALS, GUESTS FROM EMBASSIES, OCCASIONAL REFERENCE TO SAG'S DETERMINATION TO STICK TO ITS POLICIES DESPITE OPPOSITION FROM REST OF WORLD DREW STRONG APPLAUSE, AS DID ASSERTION THAT SA WAS NOT LIVING AT "A QUARTER TO 12", BUT "A HALF HOUR BEFORE DAWN" AND OTHER REFERENCES TO HOPEFUL FUTURE, ONLY SLIGHTLY SOUR NOTE WAS REITERATION BY CHAMBER SPOKESMAN OF INDUSTRY'S OPPOSITION TO POLICY OF FORCING INDUSTRY TO LOCATE IN GROWTH AREAS BORDERING HOMELANDS. HURD

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